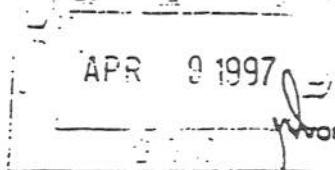




County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH MAHN HALL OF ADMINISTRATION - LOS ANGELES, CALIFORNIA 90012
(213) 974-1101

April 8, 1997



Board of Supervisors
GLORIA MOLINA
First District
VYONNE BRATHWAITE BURKE
Second District
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Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

DAVID E. JANSSEN
Chief Administrative Officer

To: All Department Heads

From: David E. Janssen
Chief Administrative Officer

POLICY ON CONTRACT COST OF LIVING ADJUSTMENTS (COLAs)

At the March 27, 1997 Board meeting, the Board continued for one week a proposed security services contract for the Department of Health Services, following the testimony of a Sheriff's Department employee. Concerns were expressed with regard to a 5 percent COLA in the proposed contract despite the absence of salary increases for County employees in recent years, and the uncertainty regarding prospective employee salary increases in light of continuing budget problems.

Subsequently, on April 1, the Board approved a revised version of the contract which provided a COLA pegged to 1) the Consumer Price Index (CPI) for Urban Areas, or 2) the amount of increase given to a Sheriff's Security Assistant, whichever is less, within an overall cap of 3 percent.

Based upon this action, effective immediately and continuing until further notice, I am establishing the following general policy with regard to contracts presented to the Board of Supervisors for approval:

Contracts should include language which caps COLAs at the lesser of 1) the average salary movement granted to County employees, or 2) the CPI for Urban Areas. Further, the contract language should specifically stipulate that, in the event fiscal circumstances ultimately prevent the Board from approving any increase in employee salaries, the relevant contractor would also experience no COLA.

This policy should be strictly followed in all but the most pressing critical circumstances. Department heads believing that they have justification for recommending a contract which does not comply with this policy will be expected to obtain clearance from Board offices in advance of filing the proposed contract for a Board agenda.

Thank you for your cooperation and understanding.

DEJ:LMJ
MKZ:vyg5

c Each Supervisor

CONTRINC.MAO

TOTAL P.01